



**STATE OF MICHIGAN**

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**Lawmakers to reexamine hiring of senior underwriter for tobacco securitization following fraud settlement**

**LANSING**—Because the Securities and Exchange Commission (SEC) has ordered Bear Stearns to pay \$250 million in penalties for late trading and market violations, the co-chairs of the 21<sup>st</sup> Century Jobs Oversight Committee have called for an extensive review of how the state's tobacco securitization fund is underwritten.

Bear Stearns is the senior underwriter for the Michigan Tobacco Settlement Finance Authority, which will provide \$400 million through the sale of bonds for the 21<sup>st</sup> Century Jobs Fund.

State Sen. Valde Garcia and Rep. Bill Huizenga, co-chairs of the 21<sup>st</sup> Century Jobs Oversight Committee, said that the stunning announcement demands further legislative review.

"Now that it has been brought to our attention, we'll have to revisit the issue of their hiring. Accountability is crucial in this process," said Garcia, R-Howell.

"We have one opportunity to do this, and we need to do it right. It is in the best interest of the state and taxpayers to make sure this process moves forward deliberately. My fear is we have not done so thus far," said Huizenga, R-Zeeland.

Actions by the Michigan Department of Treasury have also been called into question. The department reviewed the bid for work that Bear Stearns submitted to the authority. In the bid, Bear Stearns stated that they were currently being investigated by the SEC, but the department failed to notify the authority of the investigation. Instead, after its review of the bid, the department recommended that the authority hire Bear Stearns as the senior underwriter for the tobacco securitization.

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